

MONEX GROUP

Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, January 28, 2013 – Monex Group, Inc. (TSE 8698, Oki Matsumoto, Representative Executive Officer and CEO) reported today the following quarterly financial results of its wholly owned subsidiary, Monex, Inc., for the 3rd quarter of the fiscal year ending March 31, 2014 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the 3rd quarter of the fiscal year ending March 31, 2014 (From April 1, 2013 to December 31, 2013)

(1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
For the 3 rd quarter ended December 31, 2013	29,871	27,375	12,021	12,064	7,042
For the 3 rd quarter ended December 31, 2012	14,421	12,500	1,310	1,397	1,409

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of December 31, 2013	569,809	46,702
As of March 31, 2013	424,146	41,660

(Please refer to Appendix for more details)

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Appendix

1. Quarterly Financial Statements

(1) Balance Sheets

(Unit: million yen)

	As of March 31, 2013	As of December 31, 2013
Current assets		
Cash and deposits	33,296	52,092
Cash segregated for customers and others	151,559	210,990
Money held in trust	46,062	53,872
Trading assets	16,514	22,493
Trading securities and other	2,355	2,821
Derivatives	14,158	19,672
Securities	4,098	5,098
Margin transaction assets	149,487	190,532
Loans on margin transaction	145,276	186,757
Cash collateral pledged for securities borrowing on margin transaction	4,210	3,775
Cash paid for offering	1,936	2,507
Short-term guarantee deposited	11,298	16,474
Accrued revenue	2,914	2,912
Short-term loans receivable	43	75
Deferred tax assets	—	114
Other current assets	1,741	6,435
Allowance for doubtful receivables	-21	-26
Total current assets	418,931	563,573
Non-current assets		
Property, plant and equipment	296	423
Intangible assets	3,424	4,229
Investment and others	1,492	1,583
Investment securities	985	1,007
Long-term guarantee deposits	209	254
Deferred tax assets	289	227
Other	310	413
Allowance for doubtful receivables	-301	-318
Total non-current assets	5,214	6,236
Total assets	424,146	569,809

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(Unit: million yen)

	As of March 31, 2013	As of December 31, 2013
Current liabilities		
Trading liabilities	14,145	19,679
Derivatives	14,145	19,679
Trade date accrual	209	18
Margin transaction liabilities	39,744	38,399
Borrowings on margin transaction	14,847	15,047
Cash received as collateral for securities lending on margin transaction	24,897	23,351
Loans payable secured by securities	30,553	46,744
Deposits received	111,669	193,585
Guarantee money received	85,320	114,472
Short-term borrowings	96,000	59,400
Commercial papers	—	5,000
Allowance for point services	171	173
Deferred tax liabilities	126	—
Other current liabilities	3,443	5,884
Total current liabilities	381,384	483,356
Non-current liabilities		
Long-term debt	—	38,300
Negative goodwill	116	87
Other non-current liabilities	56	49
Total non-current liabilities	173	38,437
Statutory reserve		
Financial instruments transactions reserve	927	1,313
Total statutory reserve	927	1,313
Total liabilities	382,485	523,107
Net assets		
Common stock	7,425	7,425
Capital surplus	26,848	25,097
Retained earnings	6,589	13,631
Owners' equity	40,863	46,154
Net unrealized holding gains (losses) on securities	797	547
Accumulated other comprehensive income	797	547
Total net assets	41,660	46,702
Total liabilities and net assets	424,146	569,809

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(2)Statement of income

(Unit: million yen)

	Nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)	Nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)
Operating revenue		
Commission revenue	7,097	19,132
Brokerage commission	5,546	16,657
Underwriting and distribution	21	80
Subscription and distribution	268	740
Other commissions	1,261	1,653
Net gain on trading account	1,849	3,225
Financial income	5,355	7,292
Other operating revenue	119	222
Total operating revenue	<u>14,421</u>	<u>29,871</u>
Financial expenses	<u>1,921</u>	<u>2,496</u>
Net operating revenue	<u>12,500</u>	<u>27,375</u>
Selling, general and administrative expenses	<u>11,189</u>	<u>15,353</u>
Operating income	<u>1,310</u>	<u>12,021</u>
Non-operating income	106	50
Non-operating expenses	<u>19</u>	<u>8</u>
Ordinary income	<u>1,397</u>	<u>12,064</u>
Extraordinary income		
Reversal of financial instruments transactions reserve	290	—
Gain on sale of investment securities	<u>176</u>	<u>—</u>
Total extraordinary income	<u>466</u>	<u>—</u>
Extraordinary loss		
Provision of financial instruments transactions reserve	—	385
Cancellation loss of outsourcing contracts	17	57
Loss on disposal of Property, plant and equipment	28	20
Impairment loss on investment securities	3	—
Loss on sales of golf club memberships	<u>1</u>	<u>—</u>
Total extraordinary loss	<u>51</u>	<u>463</u>
Income before income taxes	<u>1,812</u>	<u>11,600</u>
Income taxes - current	89	4,598
Income taxes - deferred	<u>313</u>	<u>-39</u>
Total income taxes	<u>402</u>	<u>4,558</u>
Net income	<u><u>1,409</u></u>	<u><u>7,042</u></u>

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2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

	Nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)	Nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)
Stocks and ETFs	5,002	15,929
Options and Futures	411	620
OSE-FX	132	107
Bond and Others	0	0
Total brokerage commissions	5,546	16,657

(2) Trading value of stocks and ETFs

(Unit: million yen)

	Nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)	Nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)
Cash	2,299,776	8,818,763
Margin	3,097,140	10,643,111
Total	5,396,917	19,461,874

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(3) Statement of income for each quarter

(Unit: million yen)

	1Q of FYE	2Q of FYE	3Q of FYE	4Q of FYE	1Q of FYE	2Q of FYE	3Q of FYE
	Mar. 2013	Mar. 2013	Mar. 2013	Mar. 2013	Mar. 2014	Mar. 2014	Mar. 2014
Operating revenue							
Commission revenue	2,230	2,140	2,726	5,621	8,261	5,291	5,579
Brokerage commission	1,745	1,620	2,181	4,802	7,363	4,507	4,786
Underwriting and distribution	1	6	13	25	16	13	51
Subscription and distribution	86	79	102	225	335	199	205
Other commissions	397	435	428	566	546	569	537
Net gain on trading account	581	517	750	1,272	1,481	846	897
Financial income	2,366	1,253	1,734	1,541	2,708	1,990	2,594
Other operating revenue	42	39	37	37	75	75	71
Total operating revenue	5,221	3,951	5,247	8,472	12,525	8,203	9,142
Financial expenses	847	318	754	294	992	503	999
Net operating revenue	4,374	3,633	4,493	8,178	11,533	7,699	8,143
Selling, general and administrative expenses	3,736	3,652	3,800	4,612	5,457	4,870	5,025
Operating income	637	-19	692	3,566	6,076	2,828	3,117
Non-operating income	77	14	14	26	16	17	16
Non-operating expenses	0	7	11	5	4	1	1
Ordinary income	714	-12	695	3,587	6,087	2,844	3,132
Extraordinary income							
Gain on sales of investment securities	-	159	16	4,866	-	-	-
Reversal of financial instruments transactions reserve	290	-	-	-81	9	-9	-
Total extraordinary income	290	159	16	4,785	9	-9	-
Extraordinary loss							
Provision of financial instruments transactions reserve	-	-	-	-	-	205	180
Cancellation loss of outsourcing contracts	-	-	17	-3	-	57	-
Loss on disposal of Property, plant and equipment	5	-	23	-	20	-	-
Business combination related costs	-	-	-	111	-	-	-
Impairment loss on investment securities	3	-	-	-	-	-	-
Loss on sales of golf memberships	-	-	1	-	-	-	-
Total extraordinary loss	8	-	42	108	20	262	180
Income before income taxes	996	147	668	8,264	6,076	2,572	2,951
Income taxes - current	49	-7	47	1,886	2,310	1,121	1,167
Income taxes - deferred	212	10	90	225	4	-67	23
Total income taxes	261	3	137	2,111	2,314	1,053	1,190
Net income	734	144	530	6,153	3,761	1,518	1,761

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